

WASHINGTON, D.C. - Many local small businesses may soon be eligible for interest-free loans under a new program created by the American Recovery and Reinvestment Act, Congressman Sam Farr (D-Carmel) announced today.

The newly launched "America's Recovery Capital" program, with funds totaling \$255 million, allows small firms to take out loans of \$35,000 to pay down existing business debts. Borrowers pay no interest on these loans and repayment does not begin for one year. The loan program was established through the Recovery Act, which President Obama signed into law in February.

"This loan program could help many small businesses on the Central Coast as they continue to struggle with a sluggish economy," Rep. Farr said. "This is yet another program in the Recovery Act that aims to boost our economy and give small companies some breathing room. We have to jumpstart our economy and protect our local jobs, and this loan program will help do both."

To qualify for the ARC loans, small firms must demonstrate they are experiencing immediate financial hardship due to the economic downturn, but are otherwise deemed by the Small Business Administration (SBA) to be viable. Businesses must be established, have financial statements demonstrating profitability in one of the past three years, and be able to project sufficient cash flow to meet current and future loan payments over a two-year period from loan approval.

The loans will be made by commercial lenders and can be used for payments of principal and interest for existing, qualifying small business debts like credit card obligations, mortgages, lines of credit, and balances due to suppliers, vendors, and utilities.

In addition to this loan program, the Recovery Act contained other measures aimed at helping small firms access credit. For instance, the new law increases the percentage of a loan that the SBA can guarantee, makes SBA-backed loans more affordable and provides tools to unfreeze the small business credit markets, helping small companies access capital at affordable rates.

The loans will be available through Sept. 30, 2010, or until appropriated funding runs out. For additional information, contact our SBA district office in Fresno by calling 559-487-5791 or visit <http://www.sba.gov/localresources/district/ca/fresno/index.html>

.

Additional information about the ARC loan program is available at <http://www.sba.gov/recovery/arcloanprogram/index.html>

.

# # #